



Issue 88

ARMY ACQUISITION REFORM



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DoD Life Cycle Cost Award

The Department of Defense selected the Longbow Missile Joint Venture Cost Reduction Program as their industry recipient of the 1998 Life Cycle Cost Award. This logistics award, initiated in 1996 by Dr. Kaminski, is issued to the individual, team or organization from the Army, Navy, Air Force, Defense Agency and Industry that has achieved outstanding results in reducing the life cycle cost of a fielded system. Additionally, one award recipient is selected as the year's overall winner for life cycle cost reduction and presented a surprise award the day of the ceremony. Dr. Gansler will present this year's awards on 1 October, 1998, in the Pentagon Courtyard. The Longbow Missile Joint Venture Cost Reduction Program is an outstanding example of Industry and Government teaming to achieve dramatic savings without compromising product quality.

RDX/HMX Innovative Contracting Strategy

Industrial Operations Command (IOC) use of Alpha Contracting and performance plans highlighted the successful application of a number of Acquisition Reform initiatives on the RDX/HMX explosives acquisition. IOC awarded a five year production contract to Royal Ordnance of North America (RONA), reflecting a significant savings (\$183M) over the planned cost for explosives involving the use of the Holston Army Ammunition Plant (HSAAP), TN. The Procurement did not require use of the HSAAP for explosives production. Instead, offerors were allowed to submit performance plans. RONA's plan is to manufacture RDX/HMX at their Bridgewater, United Kingdom (UK) factory (\$88M for the production contract) while it completes a redesign/modernization effort at HSAAP (\$75M for the first five years of a 25 year facility use contract). Once this is completed, RONA will move to HSAAP. The contract award to RONA also included the 25 year facility use at HSAAP, with production scheduled to restart in Jan 2000. This acquisition represents the first time HQ. IOC has utilized Alpha Contracting on a competitive basis, allowing industry to propose alternative solutions to the identified problem. Other AR initiatives utilized included: broad based market research, oral presentations; competitive range determination, Internet/home page published acquisition strategy and a formal partnering arrangement with RONA.